
RISK FACTORS

An [REDACTED] in our Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an [REDACTED] in our Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our Shares could decline, and you may lose all or part of your [REDACTED].

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in “Forward-looking Statements” in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Any fluctuation in the growth of the end markets that adopt our products could adversely affect our business, financial condition and results of operations.

Our products are widely used in various end markets. The demand for our products is largely driven by the demand and growth of the end markets that adopt our products. Our financial performance for a particular period may fluctuate depending on the timing, size and mix of orders from our customers, which can be exacerbated during periods when the global macroenvironment is challenging and inconsistent. Any slowdown in the growth of these end markets could materially and adversely affect the adoption of our products.

The market growth and downstream demand for our customers’ products, which drive demand for our products, are subject to various factors beyond our control. Any delay or slowdown in technological advancements, disruptions in supply chains or changes in regulatory policies may hinder the growth of downstream sectors. In addition, we cannot assure you that technological innovation will result in increased customer demand or broader adoption of our products as anticipated. Any delay in technological advancements or failure of emerging technologies to drive expected downstream market growth could materially and adversely affect our business, financial condition and results of operations. Any decline in demand in end markets, or any stagnation in the growth of our downstream sectors could materially and adversely affect our business, financial condition and results of operations.

We face significant competition in the industry in which we operate. If we are unable to compete effectively, our results of operations and financial condition could be materially and adversely affected.

We operate in a highly competitive industry and our outlook relies on the market position based on our ability to compete effectively with competitors in the market place. We expect to face greater competition as we continue to expand globally. Certain markets in which we operate are relatively concentrated, with a limited number of leading market participants holding significant market shares and maintaining strong market positions. See “Industry Overview — Competitive Landscape of AI Optical Transceiver Market” for further details.

Competition in this market may intensify as our competitors that possess longer operational histories and more substantial financial, technical, sales, marketing, and other resources may enhance their offerings to increase the market share. We may also face competition from emerging companies entering our existing or new markets. Furthermore, our market position could also be compromised due to aggressive pricing or product strategies pursued by our competitors, unanticipated manufacturing difficulties, our failure to price our products competitively, our failure to produce at a competitive cost or unexpected emerging technologies and products.

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Furthermore, the average selling prices of our optical transceivers across different transmission speeds may decline as technologies mature, industry capacity expands and market competition intensifies. See "Business — Our Products" for further details. While such price declines are generally accompanied by reductions in production costs, there can be no assurance that cost reductions, operational efficiencies, product upgrades, increased sales volume or other measures will fully offset the impact of such price declines. If we are unable to effectively respond to such pricing trends, our revenue, profitability and results of operations may be materially and adversely affected.

Moreover, the market demand for some of our products is often cyclical and characterized by constant and rapid technological changes, price erosion, evolving industry standards and wide fluctuations in product supply and demand. Our products may face downturns that are often connected with, or in anticipation of, the maturation of product life cycles.

If we are unable to continuously optimize our product portfolio to adapt to developments in technologies and customer preferences and achieve market acceptance in a timely and cost-effective manner, our prospects and results of operations could be materially and adversely affected.

The industry in which we operate is subject to constant and rapid changes and upgrades in technologies, frequent new product introductions and evolving industry standards and technological requirements. In order to maintain our profitability, we must continue to optimize our product portfolio and introduce new and competitive products in a timely manner and be among the first to the market.

Industry standards and technical requirements in our markets are evolving and may change significantly over time. Our customers also may change their technical requirements as they introduce new or upgraded products and solutions. If our products are not in adherence to prevailing industry standards and technical requirements for a significant period of time, the demand for our products may be adversely affected, our revenue may decline and we may incur significant expenses to redesign our products to meet the relevant standards, which could adversely affect our business, results of operations and prospects.

In addition, new technologies may be introduced. Our technologies could become obsolete sooner than we expect because of faster than anticipated, or unexpected, changes in one or more of the industry standards and technological requirements, or emerging breakthroughs in products or technologies in our industry. We may also be unable to develop or acquire new or enhanced technologies that satisfy customer requirements and achieve market acceptance in a timely manner or at all. If we fail to adapt successfully to technological changes or fail to obtain access to important new technologies, we may be unable to retain customers or attract new customers. Any decrease in demand for our products, due to the emergence of competing technologies, changes in customer preferences and requirements or otherwise, could adversely affect our business, results of operations and prospects.

Our future success also depends on the optimization of our product portfolio and expansion of customer base, and our success relies heavily on our ability to continue to develop and provide our customers with new and better-performing products and improvements of existing products.

Any failure or delay by us in doing so could adversely affect our business, results of operations and prospects.

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Our success depends to a great extent on our R&D capabilities. Any failure to advance our technologies, enhance our R&D capabilities, or achieve our anticipated R&D milestones could hurt our competitiveness and profitability.

Our R&D capabilities and facilities are critical to our success. The industry in which we operate is subject to rapid technological changes and is evolving quickly in terms of technological innovation. In 2023, 2024 and 2025, our R&D expenses amounted to RMB42.3 million, RMB63.8 million and RMB104.3 million, respectively, representing approximately 24.1%, 7.4% and 8.5% of our total revenue for the same periods, respectively. We may continue investing significant resources in R&D in order to offer products with desirable performance and pricing and remain competitive in the rapidly evolving industry. See “Business — Research and Development.”

However, R&D activities are inherently complex and uncertain, generally lasting for a long time and requiring substantial R&D expenses. Our investments in R&D activities cannot guarantee market acceptance and revenue generation, and we may not be able to recover expenses incurred. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner or that we will continue to achieve technological breakthroughs and commercialize such breakthroughs. Failure to predict customers’ changing needs and evolving technological trends or to timely develop new technologies could materially delay our development of new and enhanced products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient revenue to offset liabilities assumed and expenses associated with these investments.

Any product defects or quality instability may adversely affect our business and reputation.

Our manufacturing processes are required to meet certain quality standards, and we are subject to various laws and regulations in the jurisdictions where our products are sold. To comply with these laws and regulations, we have implemented and maintained a stringent quality control system and perform various inspections throughout our R&D and manufacturing processes. See “Business — Quality Control — Product Quality and Safety.” However, we cannot guarantee that our quality control system will remain effective and compliant with relevant standards. Any significant failure or deterioration of our quality control system could seriously damage our product quality, negatively impact our reputation, and lead to reduced orders or loss of customers, thereby harming our business, financial condition, and results of operations. We also cannot assure you that all products produced by us are free of any defects. Quality defects may fail to be detected or remediated as a result of a number of factors, many of which are outside of our control.

In addition, due to the inherent characteristics of products in our industry, certain product defects may not become detectable or apparent until after a prolonged period of use, despite having passed initial quality inspections. Such latent or long-term reliability issues may require us to take responsibility for repairs, replacements or even recalls years after delivery, which could increase our operational and financial burdens.

Any failure to detect quality defects in our products or to prevent such defective products from being delivered to our customers, even due to factors beyond our control, could result in product recalls or withdrawals, license revocation or regulatory fines, product liabilities or other problems that could seriously harm our reputation and business. Product liability claims, even unsuccessful, would likely be time-consuming and costly to defend, which could divert significant resources and management attention, and thus materially and adversely affect our revenue and profitability.

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Our JDM model currently generates relatively lower gross profit margins, and continued pricing pressure under such model may adversely affect our profitability.

Revenue generated under our JDM model accounted for 24.4%, 56.8% and 45.3% of our total revenue in 2023, 2024 and 2025, respectively. In 2025, the gross profit margin of our JDM business was 3.1%, as compared to 48.7% under our ODM model and 11.1% under our private label model, primarily because we mainly served large-scale domestic downstream customers under the JDM model, which generally involved lower pricing.

As we continue to expand our JDM business, we may face pricing pressure from existing and potential customers, particularly large customers with significant procurement scale and bargaining power. Competitive market conditions and customer pricing expectations may also limit our ability to increase prices or maintain existing margin levels. While we seek to improve the profitability of our JDM business through overseas expansion, product upgrades, operational efficiency improvements and other measures, there can be no assurance that such measures will be successful or sufficient to offset pricing pressure. If our JDM model continues to generate relatively low gross profit margins or if pricing pressure intensifies, our overall gross profit margin, profitability and results of operations may be materially and adversely affected.

We are exposed to regulatory, operational and other risks associated with our global operations.

We expect to further increase our international presence and increase our overseas sales, which may subject us to many risks, including (i) challenges in providing products, services and support, and in managing overseas sales activities effectively; (ii) fluctuations in revenue and profit margins from period to period in the future due to changing market conditions, intense competition, differentiated product and service offerings, downward pressure on our selling price and any other inherent risks associated with our international business operations; (iii) challenges in understanding local customer behavior and industry practices and commercializing our products in new markets where we have limited experience with the local market dynamics and no existing or developed sales and marketing infrastructure; (iv) difficulties in dealing with regulatory regimes, regulatory bodies and government policies with which we may be unfamiliar, in order to obtain and maintain permits, licenses and approvals necessary to market and sell products in or to various jurisdictions; (v) compliance with multiple and potentially conflicting laws and regulations governing various aspects of our operations, including competition, pricing, transportation, logistics, tariffs, data privacy, trade protection, national security and other activities important to our business; (vi) potentially reduced protection for our intellectual property rights and potential breach of third-party intellectual rights; (vii) availability, reliability and security of international payment systems and logistics infrastructure; (viii) differences in accounting treatment in different countries and jurisdictions, potential adverse tax implications and foreign exchange losses; (ix) inability to effectively enforce contractual or legal rights; (x) political instability and general economic or political conditions in particular countries or regions, including territorial or trade disputes, war and terrorism; and (xi) changes in laws, regulations and policies as well as political, economic and market instability or civil unrest in the relevant countries and jurisdictions.

If we are unable to effectively avoid or mitigate these risks, our ability to expand in international markets will be impaired, or our international business may not be able to achieve or sustain profitability, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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Our revenue from overseas markets decreased during the Track Record Period.

During the Track Record Period, our revenue from overseas markets decreased from RMB238.3 million in 2024 to RMB121.8 million in 2025, primarily due to changes in customer demand and project cycles in certain overseas markets, including the decline in revenue from Malaysia in 2025 following the substantial completion of key customer projects in 2024.

Our revenue from the U.S. also temporarily declined in 2025 as we reallocated production capacity from lower-speed products historically supplied to the U.S. market toward higher-speed products, while certain U.S. customers were still undergoing verification and qualification processes for such advanced products.

If overseas customer demand declines, project cycles change, or we fail to complete customer verification and expand sales of higher-speed products in overseas markets as expected, our overseas revenue may remain low or decline further, which could materially and adversely affect our business, results of operations and growth prospects.

We derive a substantial portion of our revenue from our five largest customers. Any failure to acquire new customers or retain existing customers could adversely affect our business, financial condition and results of operations.

We have invested in business development and marketing efforts to acquire and retain customers. There is no guarantee that these efforts will always be effective and render positive results as we have anticipated.

A majority of our revenue is derived from a limited number of customers. In 2023 and 2024 and 2025, our sales to our five largest customers accounted for 95.8%, 70.3% and 78.7% of our total revenue, respectively. In the same periods, our sales to our single largest customer accounted for 48.3%, 25.2% and 21.0% of our total revenue, respectively. See “Business — Our Customers.” As such, we may be affected by risks arising from customer concentration. There can be no assurance that we will be able to maintain our relationships with our major customers in the future. In the event that the existing major customers reduce or cease to purchase our products and we are unable to find new customers with similar levels of demand at comparable terms within a reasonable period of time or at all, our business and profitability may be materially and adversely affected.

An increase in prices of raw materials or any shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide a variety of raw materials necessary for the manufacturing of our products. However, the raw materials we use are subject to price volatility caused by external factors. We cannot assure you that we are able to fully compensate for the losses from unexpected and significant increases in the price of one or more raw materials.

Any shortages or delay in the supply of our key raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. If we are unable to keep up with demand for our products because of failing to obtain the materials needed to successfully manufacture and deliver our products in a timely manner, our business and results of operations could be materially impaired, and market acceptance for our products could be adversely affected. Moreover, we may be faced with challenges to identify and retain new suppliers, which could have a material adverse effect on our ability to meet customer demand in a timely and effective manner.

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We rely on a number of major suppliers, and any disruption in supply or deterioration in supplier relationships could adversely affect our business and results of operations.

In 2023 and 2024 and 2025, purchases from our five largest suppliers accounted for 62.6%, 72.5% and 56.6% of our total purchase amount for these respective periods. In these same respective periods, purchases from our single largest supplier accounted for 24.9%, 29.8% and 28.4% of our total purchase amount. We cannot assure you that there will not be any dispute between our major suppliers and us, or that we will be able to maintain stable business relationships with our existing suppliers.

If all or a significant number of our suppliers for any particular raw materials are unable or unwilling to meet our requirements for quantity, quality or delivery schedules, we could suffer supply shortages or procurement cost increases. Changing suppliers may require a long lead time. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and growth prospects.

If we lose the service of any key management members or other qualified and experienced personnel, our ability to effectively manage and execute our operations and meet our strategic objectives could be harmed.

Our business depends on the continuing efforts of our management team to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our key management members can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results.

Additionally, our future success also depends on our ability to attract, recruit and train qualified employees and retain existing key personnel. In particular, we rely on our in-house R&D team to develop our core technologies and products, and our experienced sales and marketing personnel to maintain relationships with our customers. Competition for personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. In order to compete for talents, we may need to offer higher compensation, better trainings and more attractive career opportunities, employees share incentives schemes and other benefits to our employees, which may be costly and time-consuming.

We incurred net loss during the Track Record Period. An inability to manage our growth effectively may have an adverse impact on our business, future prospects, and financial condition.

In 2023, 2024 and 2025, we recorded net loss of RMB108.6 million, RMB17.9 million and RMB100.1 million, respectively, primarily because we were in the course of a strategic transition from lower-speed products to higher-speed products during the Track Record Period. We had historically demonstrated profitability in 2020 and 2021 when our business was primarily focused on more mature 100G-and-below products, which experienced strong market demand at the time, according to our management account. However, since 2022, as we identified the growing opportunities arising from AI data centers and SiPh technology, we have transitioned to establish a product portfolio centered on high-speed optoelectronic interconnection technologies. Such transition has temporarily affected our profitability during the Track Record Period, which was generally consistent with the industry trend, as confirmed by Frost & Sullivan.

Our growth will depend on our ability to continue to implement and improve on our operational, financial, and management know-how, and adapt to changes in market conditions. If we are unable to do so, we may fail to execute our business strategy to achieve further growth, and as a consequence, our business success, financial condition and future prospects may be materially and adversely affected.

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Any failure to successfully execute our capacity expansion plans and our equipment upgrades may have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects and future financial performance will be affected by our ability to expand and upgrade our production facilities, to achieve a desired level of economies of scale and to deliver high quality products at competitive costs.

We cannot guarantee that our expansion plan will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected. In particular, the implementation of our expansion plans may incur significant staff costs, depreciation and amortization charges and other expenses, which may adversely affect our financial condition.

In addition, if we do not receive sufficient orders from our customers to effectively utilize our production facilities, we may be subject to low utilization rates of production capacity, over-capacity or high depreciation charges for our production bases.

We may not be successful in executing our business plans and strategies effectively or at all, and our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

Our business plans and strategies are based on our assumptions of future events which may entail certain risks and are inherently subject to uncertainties. If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities as expected or remain competitive in the industry.

If we fail to manage our inventories effectively, our results of operations and liquidity may be materially and adversely affected.

Our inventories include raw materials, work in progress, and finished goods. Our inventory turnover days in 2023, 2024 and 2025 were 255.8 days, 141.3 days and 180.8 days, respectively. Our business model requires us to manage our inventories efficiently.

If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant provision of the inventories. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and loss of revenue, any of which could harm our business, financial condition and results of operations.

Any disruption to our production facilities could adversely affect our business and results of operations.

The operation of our production facilities may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. As our production process requires substantial amounts of electricity, any power outage, disruption or shortage in power supply could therefore have a material adverse impact on our production and employee safety. In addition, we are subject to risks associated with these activities, including gas leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental

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damages. Any of these consequences, if significant, could disrupt the operation of our production facilities and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

We may be subject to additional contributions of social insurance and housing provident funds and late payments and fines imposed by relevant governmental authorities.

As required by the PRC laws, a company that enters into an employment contract with an employee shall be the one to make the social insurance and housing provident fund contribution in full for the employee. During the Track Record Period, we engaged third-party human resource agencies to pay social insurance primarily because some of our employees working in different cities across the nation prefer their social insurance and housing provident funds to be paid at their respective resident places for convenience of utilizing such benefits locally. Such arrangement, although not uncommon in China, is not in strict compliance with relevant PRC laws and regulations. See “Business — Employees — Social Insurance and Housing Provident Funds.” As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, we may be ordered to pay social insurance premium and housing provident funds for our employees under our own accounts instead of making payments under third-party accounts. If the third-party human resources agencies fail to pay the social insurance premium or housing provident funds for and on behalf of our employees as required under applicable PRC laws and regulations, we may be ordered to rectify such failure by paying full contributions to social insurance and housing provident funds for our employees. Any such event would materially and adversely affect our business, financial condition and results of operations.

In addition, during the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain employees in accordance with the relevant PRC laws and regulations. For amount of the relevant shortfall and the potential maximum penalty arising from such shortfall, see “Business — Employees — Social Insurance and Housing Provident Funds.” The limited exceptions involve a small number of individuals, primarily foreign employees who are not covered, or newly hired employees who could not be timely enrolled within the month of their onboarding. Both the number and proportion of such cases are minimal. Our PRC Legal Advisor has advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount social insurance as required, we may be ordered by the relevant PRC authorities to pay the outstanding social insurance contributions within a prescribed time limit and may be subject to an overdue charge of 0.05% of the delayed payment per day. If such payment is not made within the stipulated period, the competent authority may further impose a fine from one to three times the amount of any overdue payment. Our PRC Legal Advisor has further advised us that, pursuant to relevant PRC laws and regulations, if we fail to pay the full amount of housing provident fund contributions as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement.

According to the relevant provisions of the Interpretation of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (II) (implemented in September 2025), any agreement between an employer and an employee or any commitment made by an employee to the employer that social insurance contributions are not required shall be deemed invalid by the people’s court. Where an employer fails to pay social insurance contributions in accordance with the law and the employee requests to terminate the labor contract pursuant to Article 38, Paragraph 1, Item 3 of the Labor Contract Law and demands that the employer pay economic compensation, the people’s court shall support such request in accordance with the law. In addition, the Labor Contract Law of the People’s Republic of China and other labor laws and regulations remain in effect. This Interpretation does not modify the substance of such laws and regulations, nor will it result in any expansion or increase in the labor-related legal liabilities that we and our domestic subsidiaries may bear in the future.

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See “Business — Employees — Social Insurance and Housing Provident Funds.”

If we upgrade our manufacturing equipment more quickly than expected, we may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting accelerated depreciation could negatively affect our financial results.

We have invested, and expect to continue to invest, significantly in manufacturing equipment, and we depreciate the cost of such equipment over their expected useful lives. Residual values, useful lives and the depreciation method for our manufacturing equipment are reviewed regularly. However, manufacturing technology may evolve rapidly, and we may decide to upgrade our manufacturing process with advanced equipment more quickly than expected. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and to the extent we own such equipment, our results of operations could be materially and adversely impacted.

Our operating cash flows may deteriorate due to the mismatch in time between receipt of payments from our customers and payments to our suppliers.

Our financial stability is closely tied to the creditworthiness of our customers, and our liquidity hinges on their timely remittance. During the production and delivery process, our customers typically make payments to us in instalments. And the interval between the receipt of customer payments and the settlement of supplier invoices can lead to potential cash flow discrepancies. We cannot guarantee the complete avoidance of significant cash flow imbalances in the future. Additionally, our operations are vulnerable to the risk of delayed or unfulfilled contractual commitments by our customers. Despite rigorous monitoring of overdue receivables by our finance team, the collection of such payments is not guaranteed. Should we encounter substantial difficulties in debt recovery or defaults by our clients, it could have a material adverse effect on our financial condition, results of operations, and cash flow sustainability.

We are exposed to credit risks related to our trade and bills receivables.

We are subject to the credit risks attributable to our trade and bills receivables due from our customers, and our profitability and cash flow are dependent on our receipt of timely payments from our customers. During the Track Record Period, we generally granted to our customers a credit term between 30 days to 60 days. However, there can be no assurance that the collection of amounts due from our customers will be timely. This might result in slow turnover of our trade and bills receivables and restrict our working capital resources. As of December 31, 2023, 2024 and 2025, we recorded trade and bills receivables of RMB63.8 million, RMB275.0 million, and RMB438.7 million, respectively. In 2023, 2024 and 2025, our trade receivables turnover days were 117.3 days, 51.0 days and 82.6 days, respectively. If any of our customers faces unexpected situations, such as financial difficulties or deterioration in credit worthiness, there may be challenges in collecting full or partial payments from them and enforcing judgment debts against them could be difficult. These unforeseen circumstances may also render our judgments or estimations on expected credit loss allowance on trade and bills receivables inaccurate, potentially resulting in higher losses than currently estimated. If we fail to receive payments from our customers on a timely basis, our cash flows and financial condition could be materially and adversely affected.

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We may need additional capital but may not be able to obtain it in a timely manner and on favorable terms or at all, and any debt financing we obtain may have conditions and restrictive covenants that restrict our business operations.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise adequate funds, whether through equity or debt financing, when needed on favorable terms or at all. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. For example, as of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB204.8 million, RMB192.6 million and RMB493.4 million. If we fail to fulfill such commitments, we may face penalties or other actions against us. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing Shareholders, including [REDACTED] in this [REDACTED], will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our Shareholders’ rights.

In addition, our bank loan agreements may include various conditions and covenants that require us to obtain the lending bank’s prior consent for certain transactions. For example, historically, certain of our borrowings from commercial banks had financial covenants including maintaining a specified asset-liability ratio and covenants relating to shareholding structures of the borrower. See Note 25 to the Accountants’ Report in Appendix I to this document. Such covenants may be imposed on us under any of our new borrowings or other financing arrangements.

Any reduction or discontinuation of preferential tax treatments or government subsidies could adversely affect our results of operations and financial condition.

We benefited from preferential tax treatment and government grants during the Track Record Period. The PRC EIT Law and its implementation rules have adopted a statutory enterprise income tax rate of 25%. However, the income tax of an enterprise that has been determined to be a High and New Technology Enterprise can be reduced to a preferential rate of 15%. We were qualified as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% during the Track Record Period. This qualification is subject to review by the relevant tax authority in the PRC every three years. In addition, we also enjoyed additional deductible allowance for our R&D expenses. Preferential tax treatments and other incentives granted to us by PRC governmental authorities are subject to review and renewal and may be adjusted or revoked in the future. If we cease to be entitled to preferential tax treatment or if the relevant PRC laws and regulations change, our income tax expenses may increase, which would adversely affect our financial condition and results of operations.

In addition, we recorded government subsidies, as a component of our other income and gains, of RMB5.0 million, RMB2.7 million and RMB10.7 million in 2023, 2024 and 2025, respectively. As the determination and granting of such subsidies are subject to the discretion of the government under the law and these subsidies are non-recurring in nature, the receipt of these subsidies is varied from period to period. We cannot assure you that we will continue to receive and benefit from government subsidies in the future.

There is no assurance that our intra-group transactions will not be subject to tax adjustments by competent authorities.

During the Track Record Period, we engaged in intra-group transactions with our subsidiary in Singapore, Singapore Crealights. These transactions primarily involved the sale of optical transceivers to Singapore Crealights, which then resold the products to overseas customers. The intra-group transactions were primarily conducted to facilitate overseas customer payments and optimize our international distribution process to global customers. We have in place agreements between our relevant onshore companies on the one hand and our relevant offshore company on the other hand to

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regulate the intra-group transactions. After consultation with our tax advisor, our Directors are of the view that these intra-group transactions were conducted on an arm's length basis and in compliance with the applicable transfer pricing laws and regulations. As of the Latest Practicable Date, our Directors were not aware of any outstanding enquiry, audit, investigation, or demand or challenge for additional tax payment from any tax authorities in connection with such intra-group transactions that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

There is no assurance that the relevant tax authorities would not subsequently challenge the appropriateness of our intra-group transactions arrangement or that the relevant regulations or standards governing such arrangement will not be subject to future changes. If the relevant tax authorities later find that the pricing policy and the terms that we applied are not appropriate, such authorities may require us to re-assess our pricing policy and re-allocate the income or adjust the taxable income. Any such reallocation or adjustment could result in a higher tax liability for us and may adversely affect our business, financial condition and results of operations.

We, our Directors and our management may from time to time be subject to claims, disputes, lawsuits and other legal and administrative proceedings.

In the course of our operations, we may from time to time face legal and administrative proceedings, both inside and outside China, including disputes involving intellectual property, product liability, contracts, employment matters, properties, regulatory compliance and other commercial issues. These proceedings could involve substantial costs, including those associated with investigation, litigation, settlement, judgments, penalties or fines. Such proceedings may also be time-consuming and require the diversion of management and personnel resources from our core business operations, potentially disrupting our day-to-day activities. Additionally, lawsuits and administrative proceedings can generate negative publicity, regardless of the validity of the allegations or the ultimate outcome. Such publicity could harm our reputation and diminish customer trust in our products, adversely impacting our business relationships and market position.

Further, our Directors, management, Shareholders, employees or their affiliates may also become subject to litigation, regulatory investigations, proceedings or negative publicity in relation to commercial, labor, employment, securities or other matters. Any such proceedings could result in potential liability, additional expenses or reputational harm, further affecting our business and operations. If we are unable to effectively manage or resolve such disputes or proceedings, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

Failure to protect our intellectual property or our proprietary technology and know-how could substantially harm our business and competitive position.

Our trade secrets, trademarks, patents, software copyrights, know-how, and other intellectual property rights are essential to our success. Unauthorized use by third parties may materially and adversely impact our revenues and reputation. To safeguard our intellectual property, we rely on trademark and patent law, unfair competition laws, and contractual rights, including confidentiality agreements with employees and third parties. However, these measures may be insufficient or breached, leading to unauthorized disclosure of our trade secrets and proprietary information. Additionally, there is no guarantee that our applications for trademarks, patents, and other intellectual property will be approved, or that our rights will not be challenged or deemed invalid. The intellectual property granted to us in certain jurisdictions would not guarantee us the similar rights in other jurisdictions due to the complexity of the regulation and process. Failure to register these properties could prevent us from stopping others from using them, significantly affecting our business, financial condition, and operational results. Policing unauthorized use of proprietary technology is challenging and expensive.

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Despite our efforts, third parties may attempt to copy or misuse our intellectual property or seek court declarations of non-infringement. Monitoring unauthorized use is difficult and costly, and we cannot ensure our measures will prevent misappropriation. We may need to resort to litigation to enforce our rights, incurring substantial costs and resource diversion.

Consequently, we might lose competitive advantages derived from our intellectual property. Impairments to our intellectual property rights could have an adverse effect on our business. Events beyond our control may also threaten our intellectual property rights and brand. Effective protection of our trademarks, patents, software copyrights, domain names, know-how and other intellectual property rights is costly and complex.

We may need to defend ourselves against claims for intellectual property infringement, which may be time-consuming and would cause us to incur substantial costs.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate patents, copyrights or other intellectual property rights held by third parties, or that our actions, unintended or not, may breach the licensing agreements that we had entered in relation to certain intellectual property rights. We may from time to time be subject to legal proceedings and claims in various jurisdictions where we operate and where our products are sold relating to the intellectual property rights of others. There could also be existing patents of which we are not aware that other aspects of our business may inadvertently infringe. We cannot assure you that holders of patents purportedly relating to some aspects of our technology or business, if any such holders exist, would not seek to enforce such patents against us. Further, the application and interpretation of patent laws and the procedures and standards for granting patents in the countries and regions where we operate may keep evolving, and we cannot assure you that relevant courts or regulatory authorities would agree with our analysis.

If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. In addition, we may incur significant expenses and may be forced to divert management’s time and other resources from our business and operations to defend against these third-party infringement claims, regardless of their merits. Successful infringement or licensing claims made against us may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question. Any intellectual property-related dispute or litigation, regardless of its outcome or merit, could result in substantial costs and expenses, adverse publicity or diversion of management resources, any of which could adversely affect our business, financial condition and results of operations.

Any loss of, or failure to obtain, maintain or renew, requisite approvals, licenses, permits and certifications could materially and adversely affect our business, results of operations and financial condition.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. See “Business — Licenses, Approvals and Permits.” Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. There can be no assurance that we will be able to obtain or maintain all requisite approvals, licenses, permits and certifications in a timely manner, or at all, or that we will be able to comply with all conditions imposed thereunder. Furthermore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we may be required to obtain approvals, licenses, permits and certifications that we are not currently required to have for our existing businesses or for new businesses that we may expand

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into in the future. If we fail to obtain or maintain, or if we are deemed to have conducted business without, any of the approvals, licenses, permits and certifications required by relevant laws and regulations, we may be subject to fines, suspension or revocation of our existing licenses, or restrictions or discontinuation of operations of the relevant businesses or facilities, which could materially and adversely affect our business, results of operations and financial condition.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

The interpretation, implementation, and enforcement of these laws and regulations by the relevant governmental authorities are subject to change and may evolve over time. There can be no assurance that the current regulatory environment will not change or that new laws or regulations will not be enacted, or that the interpretation or enforcement of existing laws and regulations will not become more stringent. Any such changes could require us to incur significant compliance costs, modify our operations, or relocate our facilities, and could adversely affect our business, financial condition, and results of operations.

We rely on third-party service providers and business partners to provide products and services to us and our customers, which could expose us to risks related to the performance of their operations.

We work with a broad range of third-party service providers and business partners, including third-party manufacturers and, for a small portion of our business, third-party distributors. These third parties are subject to risks similar to ours relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, we do not have control over third-party service providers' business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. For example, while a substantial majority of our products are manufactured in-house, we have engaged third-party manufacturers for products including both optical transceivers and AOC, and thus are exposed to their quality risks. There can be no assurance that our quality control procedures will be effective in consistently preventing any deviations by the contract manufacturers from our quality standards. The failure of our contract manufacturers to follow our manufacturing schedule, maintain product quality or comply with applicable production standards can affect our ability to fulfill our obligations to customers and expose us to potential liabilities. If we are unable to effectively manage our relationships with third-party service providers and business partners, or for any reason our third-party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

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Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory requirements, which could cause significant liability for us, harm our reputation or otherwise have a material adverse effect on our business, financial condition and results of operations.

Our employees or other third parties may engage in misconduct, including violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, bribery of foreign government officials, import-export controls, lobbying or similar activities, hiding unauthorized or unlawful activities, and violations of any other applicable laws or regulations. Although we have implemented policies, procedures and controls to prevent and detect these activities, these precautions may not prevent all misconduct, and there is no assurance that misconduct will not occur in the future. As a result, we could face unknown risks or losses. Any failure by any of our employees or business partners to comply with applicable laws or regulations could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners may adversely affect our reputation and, as a result, our business, financial condition and results of operations.

Negative publicity and allegations involving us, our affiliates, Directors, officers, employees or business partners, including our customers or suppliers, may materially and adversely harm our brand image and reputation and cause deterioration in the level of market recognition of and trust in the products provided by us. Even negative publicity about other industry players or the industry in which we operate as a whole may have a negative impact on us. Moreover, we could experience decreases in sales volume and revenues, potential loss of business partners as well as the loss of highly qualified personnel with specialized skills. In addition, negative publicity may come from malicious harassment or unfair competition acts by third parties, which are beyond our control. Such negative publicity may also result in the diversion of management's attention, and governmental investigations or other forms of scrutiny, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to maintain and enhance our brand recognition, our business, results of operations and financial condition could suffer.

We believe that maintaining and enhancing our brand is important to the success of our business. A well-recognized brand is important to enhance our products' attractiveness to our customers. Moreover, since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. The successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in declines in our market recognition and position and adversely affect our business, financial condition and results of operations.

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Developments in the labor market, increases in labor costs, or any possible labor unrest may materially and adversely affect our business and results of operations.

We cannot guarantee the absence of labor-related issues such as collective bargaining, workplace relations disputes, strikes, or challenges in attracting and retaining qualified workers. Such issues could result in work stoppages or labor shortages, significantly impacting our ability to meet customer demands and fulfill orders on time. Moreover, resolving labor disputes, hiring temporary workers, or implementing contingency plans to mitigate the effects of labor shortages could incur additional costs. These expenses, along with potential and overall results of operations. Furthermore, our operations depend on a substantial number of employees. Any failure to maintain a stable and dedicated workforce could lead to severe disruptions. To ensure workforce stability, we might need to offer more attractive salary packages to remain competitive and retain our current pool of talent. Labor costs could also rise due to regulatory measures if more countries adopt stringent minimum wage laws. A significant rise in our labor costs as a result of the aforementioned reasons may materially and adversely impact our margins and profitability. Unless we can implement other appropriate means to reduce production costs, our profit margin may decrease, thus materially and adversely affecting our business, financial condition, and results of operations.

We may not have sufficient insurance to cover our business risks.

We face various risks in connection with our business, and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we had obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. We currently do not carry any business interruption or litigation insurance. See “Business — Insurance.” We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

Certain of our leased property interests may have defective titles, and some of our leased properties did not complete the government filing and registration.

We lease properties in China for various purposes. As of the Latest Practicable Date, the lease agreement for one of our leased properties in China had not been registered or filed with the relevant land and real estate administration bureaus in the PRC. There is no assurance that the relevant lessor will cooperate with us to complete the registration in a timely manner, or at all. As advised by our PRC Legal Advisor, while the lack of registration will not affect the validity of the lease agreement, we may be ordered by the relevant government authorities to register the relevant lease within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. As of the Latest Practicable Date, we had not been ordered by any PRC government authorities to register the relevant lease. However, if we are fined by relevant government authorities for our failure to complete the lease registration within the time limit, we may be unable to require our lessor to reimburse us and our financial condition and results of operations may be adversely affected.

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We may not be able to renew certain lease agreements on the same terms or at favorable terms, or at all, which could materially and adversely affect our business, financial condition, results of operations, and prospects.

During the Track Record Period, we leased several key properties, including those used as our production facilities, each with a lease term of more than two years. Upon the expiration of these lease agreements, there is no assurance that we will be able to renew such leases on the same terms or the terms that are commercially reasonable, acceptable, or otherwise favorable to us, or that we will be able to renew them at all. In the event that we are unable to renew these leases, we may be required to relocate our operations, which could result in significant disruption to our business and may require us to incur additional costs, including higher rental costs. Any inability to renew leases, or any increase in rental or related expenses, or failure to locate the new location for our operation could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We are subject to environmental, social and governance (“ESG”) related laws and regulations, and changes in relevant compliance requirements could have an adverse impact on our business, operating results and financial condition.

We are subject to a number of environmental, fire control and health and safety laws and regulations, including the treatment and discharge of pollutants into the environment during our business operations. In addition, our production lines can only be put into operation after the relevant administrative authorities in charge of environmental protection, fire control and health and safety have examined and approved the relevant facilities. We may experience several isolated immaterial incidents, and cannot assure you that we will be able to comply with all regulations and obtain all the regulatory approvals required for our production in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals of such facilities may affect our ability to develop, manufacture and commercialize our products in line with our plans. As requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, we may not be able to comply with, or accurately predict any potential substantial cost of complying with, these laws and regulations. If we fail to comply with relevant laws and regulations, we may be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in our business operations. In addition, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our facilities during the process of testing, developing and manufacturing our products. In the event of an accident involving a breach of any of these laws and regulations, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. Other adverse effects could result from such liability, including reputational damage.

In addition, with the rising awareness of ESG issues, including with respect to waste disposal, packaging waste, greenhouse gas emissions and environmental protection, more stringent laws and regulations that affect our business operations may be adopted. Accordingly, we may need to devote more effort and resources to ensuring our compliance with such laws or regulations. We have adopted a series of measures aiming to ensure our compliance with the ESG-related laws and regulations applicable to us. There can be no assurance that these measures can effectively help us to navigate the complex and evolving regulatory environment. Changes in existing ESG-related laws and regulations or the promulgation of new ESG-related laws and regulations may increase our compliance costs. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

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We are subject to the risks associated with economic sanctions and export controls laws and regulations and international trade policies, and our business, financial condition and results of operations could be adversely affected.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, or organizations within such countries.

In addition to sanctions measures, the United States has imposed export control measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our technology partners’ abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

In recent years, the United States has expanded export controls restrictions on China through the Export Administration Regulations (the “**EAR**”), administered by the Bureau of Industry and Security of the United States Department of Commerce (the “**BIS**”). In addition to the restrictions introduced by the BIS rules, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. The United States in recent years has placed an increasing number of entities, including a number of entities in China and certain of our customers, on the Entity List and other restricted or prohibited parties lists. In addition to naming additional persons to these lists, BIS has imposed complex and restrictive rules applicable to doing business with persons on them. Given the complexity of these regulations and sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

The U.S. market remains a strategic focus for us. See “**BUSINESS — Our Sales to the U.S. and Applicable U.S. Laws and Regulations.**” After consultation with Paul Hastings LLP, our legal advisor as to U.S. sanctions, our Directors are of the view that as of the Latest Practicable Date, (i) the impact of U.S. government sanctions on our business operations was not material because we were not a Sanctioned Target, were not incorporated, located or organized in a Sanctioned Country, and were not a Sanctioned Trader that conducts a material portion (10% or more) of business with Sanctioned Targets or Sanctioned Country entities or persons; and (ii) the impact of recently released U.S. trade policies concerning China, particularly those tariff-related policies, on our business was not material because the reciprocal tariffs and the fentanyl-related tariffs imposed by the United States on imports from China have been terminated, and the newly introduced 10% tariff on imports from China is broadly consistent with prior baseline tariff level, and we generated a majority of revenue from countries and regions outside of the United States during the Track Record Period. In addition, our products fell outside scope of export controls restrictions on China through the EAR as of the Latest Practicable Date.

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As sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations. Changes to export control regulations, including changes to the Entity List and restrictions applicable to doing business with persons on it, could adversely affect our business and our relationship with other customers and suppliers if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us. These export controls could adversely affect us and/or our supply chain, business partners, or relationship with customers and suppliers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR or other applicable regulations. As our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China.

Sanctions and export controls laws and regulations are complex and constantly evolving, and new persons and entities are regularly added to the list of "Sanctioned Persons," which refers to persons and identities listed on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or export controls. These types of regulations are complex, and we expect to need to devote increasing resources to complying with them. Even with our compliance measures, we cannot provide any assurance that our future business will be free of sanctions or export control risks or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of U.S., the EU, the U.K., the UN, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions or export controls they impose or provides a basis for a sanctions or export control designation of us.

We are subject to anti-corruption and anti-bribery laws and regulations, and any noncompliance with such laws and regulations can subject us to administrative, civil and criminal fines and penalties, collateral consequences and legal expenses.

We are subject to anti-corruption and anti-bribery laws and regulations in various countries or jurisdictions in which we conduct business. We have implemented policies and procedures designed to ensure compliance by us and our employees with relevant laws and regulations. However, our policies and procedures may not be sufficient or effective. In addition, any noncompliance with anti-corruption or anti-bribery laws and regulations could subject us to whistleblower complaints.

Consequently, we may be subject to investigations and proceedings by governmental authorities. If any of our employees, agents, representatives, business partners or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to enforcement actions and litigation. Given the uncertainty, complexity and scope of many of these investigations, enforcement actions and litigation, their outcome generally cannot be predicted with a reasonable degree of certainty. Even if we eventually prevail in

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these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups, and recruit and retain employees.

We may face risks associated with IT system failures, network disruptions, or cybersecurity breaches.

IT systems are critical to our ability to effectively manage our operations. If we do not allocate sufficient resources to build and sustain the proper IT infrastructure, we could be subject to operational disruptions. Moreover, if our data management systems do not effectively collect, store, process and report relevant data for the operation of our business, whether due to equipment malfunction or constraints, software deficiencies, system failures, cybersecurity attack, or human error, our ability to effectively plan, forecast and execute our business plans and comply with applicable laws and regulations will be impaired. Challenges relating to the building of new IT structures can also subject us to certain errors, inefficiencies, disruptions. Our IT systems, and the systems of our third-party IT service providers may also be vulnerable to a variety of interruptions due to events beyond our control, including natural disasters, terrorist attacks, electrical or telecommunications failures, software program errors, computer viruses, cyberattacks or hackers, and other security issues or threats that may pose a risk of financial losses, business interruptions, wrongful use of information, damage to reputation, and lack of proper protection. Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. Given the unpredictability of the timing, nature and scope of such disruptions, such measures may not have been effectively implemented or may not be adequate to ensure that our operations are not disrupted and we could potentially be subject to operational interruption, damage to our image and private data exposure. We may also incur significant expenses for implementing additional security measures to protect our IT systems.

Our operations could be subject to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, regional conflicts, acts of terrorism, environmental accidents, power outages or communication interruptions. The occurrence of such a disaster or prolonged outbreak of an epidemic or pandemic illness or other adverse public health developments in the PRC or elsewhere could materially disrupt our business and operations. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

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RISKS RELATING TO THE JURISDICTIONS WHERE WE OPERATE

Changes in economic, political or social conditions, as well as government policies and the regulatory environment, could have a material adverse effect on our business and operations.

A substantial portion of our assets and operations are located in the PRC, and we also operate our business in Singapore. As a result, our business, financial condition, results of operations and prospects are substantially affected by local economic, political, social and legal policies. Economic growth in these markets has been uneven, varying both geographically and across different sectors within the economies. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations. Changes in the economic or political environment could increase our exposure to legal and business risks, and may materially and adversely affect our operations and affect our results of operations.

We are subject to the risks associated with geopolitics, including protectionist trade and national security measures, which could adversely affect our business, financial condition and results of operations.

We may be negatively affected by any deterioration in the political and economic relations among countries in which we operate or sell our products, and other geopolitical challenges, including economic conditions and tariffs and other trade restrictions. International trade protection measures are subject to frequent changes, and their interpretation and enforcement involve substantial uncertainties, which may be heightened by national security or other political concerns that are beyond our control. These issues may adversely affect us and our key suppliers’ and customers’ ability to sell products or obtain the technologies, systems, devices or components critical to technology infrastructure, product offerings and business operations. If any new tariffs, legislation, or regulations are implemented by the United States or other jurisdictions in the future, or if existing trade agreements are renegotiated, such changes could adversely affect our business, financial condition and results of operations. It may also be difficult or costly to comply with such legislation or regulations, and we could be subject to regulatory investigations, fines, penalties or other actions and reputational harm. Furthermore, heightened trade and political tensions could reduce levels of international trade, investment, technological exchange and other economic activities, which would have a material adverse effect on global economic conditions, the stability of global financial markets and international trade policies. It could also adversely affect the financial and economic conditions in China as well as our potential overseas expansion, our financial condition and results of operations.

On February 1, 2025, the U.S. government announced a 10% tariff on all imports from China (including Hong Kong SAR), citing issues related to fentanyl and other illegal substances, effective February 4, 2025. On March 3, 2025, the U.S. further imposed a 10% tariff on all imports from China (including the Hong Kong SAR), thereby increasing the U.S. tariff rate on all imports from China (including the Hong Kong SAR) to 20%, effective March 4, 2025. In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called “baseline” tariff on all countries, varying so-called “reciprocal” tariffs on certain trade partners. As of early April 2025, the U.S. had imposed tariffs of 145% on imports from China, and China responded with tariffs of 125% on most goods from the United States. On May 12, 2025, following bilateral negotiations, China and the United States announced a 90-day suspension for most of these higher tariffs levied on each other’s goods, during which the U.S. will continue a 30% tariff on Chinese imports and China will keep a 10% tariff on U.S. goods. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. Although the two countries’ trade negotiations are continuing, there is substantial uncertainty regarding any final tariff rates. Furthermore, the United States has announced that tariffs of 40% will be imposed on goods that the U.S. Customs and Border Protection Agency determines have been transshipped to avoid its “reciprocal” tariffs; it is uncertain how these

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determinations will be made. In addition, we cannot predict how tariff policies in various countries may further evolve or how they may affect our business and results of operations. If additional tariffs are imposed on our products, we may be unable to pass on the increased costs to our customers. As a result, we may have to absorb all or part of the additional tariff expenses and may lose some customers, and our products’ price competitiveness and gross margins could be materially and adversely affected, any of which in turn could materially and adversely affect our business, financial condition and results of operations.

Additionally, the U.S. government has issued regulations that restrict U.S. outbound investment in entities associated with China (including Hong Kong and Macau), which could affect our access to capital. In October 2024, the U.S. Department of the Treasury (“**Treasury**”) issued regulations pertaining to U.S. investments in certain national security technologies and products in countries of concern (the “**Outbound Investment Rule**”), which became effective on January 2, 2025. The Outbound Investment Rule imposes prohibitions and notification requirements on a wide range of U.S. investments involving persons and entities associated with “countries of concern,” currently China (including Hong Kong and Macau), that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, or (iii) artificial intelligence systems. Under the Outbound Investment Rule, entities with meaningful ties with a country of concern that are engaged in certain activities relating to the above three sectors could meet the definition of a “covered foreign person,” and with limited exceptions, equity investments by a U.S. person (as defined in the Outbound Investment Rule) in a covered foreign person are subject to prohibition or notification requirements, depending primarily on the nature of technology involved. Therefore, if a company is deemed to be a covered foreign person, its ability to raise capital and the value of its shares could be negatively affected. Subsequent to the implementation of the Outbound Investment Rule, the U.S. government issued (i) a broadly worded “America First Trade Policy” on January 20, 2025, which directs Treasury and several other executive departments and offices to review a range of international trade and investment policies and rules, including potential modifications to the Outbound Investment Rule; and (ii) an “America First Investment Policy” on February 21, 2025, which contemplates changes to U.S. international investment policies and rules, including possible application of the Outbound Investment Rule to a wider range of technologies and a wider range of investments, possibly including publicly traded securities. In December 2025, the U.S. Government issued new guidance regarding the Outbound Investment Rule and clarified exemptions for U.S. persons to invest in publicly traded securities, subject to certain requirements. Any expansion of the restrictions under the Outbound Investment Rule may further increase uncertainties for cross-border collaboration, investment, and funding opportunities for companies with operations in China.

As a result of the Outbound Investment Rule and possible changes to it, our ability to raise capital from U.S. investors could be impaired, potentially harming our business, financial position, and prospects. Under extreme circumstances, the value of our Shares could decline significantly or even become worthless.

You may have difficulties in effecting service of legal processes or enforcing foreign judgments against us, our Directors and our senior management.

We are incorporated under the laws of the PRC as a joint stock limited company, and a substantial portion of our assets are located in the PRC. In addition, most of our Directors and senior management reside in the PRC, and their assets may also be substantially located within the PRC. As a result, it may be difficult and time-consuming to effect service of process upon those persons residing in the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of certain other jurisdictions. As a result, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions outside the PRC may be difficult.

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On July 14, 2006, the Supreme People’s Court of the PRC and the Government of the Hong Kong Special Administrative Region of the PRC signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the “**Arrangement**”), which entered into force on August 1, 2008. Under the Arrangement, a party with an enforceable final court judgment rendered by any designated People’s court of Chinese mainland or any designated Hong Kong court requiring payment of money in a civil and commercial case according to a written choice of court agreement, may apply for recognition and enforcement of the judgment in the relevant People’s court of Chinese mainland or Hong Kong court. A written choice of court agreement is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a court of Chinese mainland or a Hong Kong court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it may not be possible to enforce a judgment rendered by a Hong Kong court in Chinese mainland if the parties in the dispute did not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for you to effect service of process against us in order to seek recognition and enforcement of foreign judgments in Chinese mainland.

On January 18, 2019, the Supreme People’s Court of the PRC and the Government of Hong Kong Special Administrative Region of the PRC entered into an agreement regarding the scope of judgments which may be enforced between Chinese mainland and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”). The New Arrangement broadens the scope of judgments that may be enforced between Chinese mainland and Hong Kong under the Arrangement. Whereas a choice of jurisdiction needs to be agreed in writing in the form of an agreement between the parties for the selected jurisdiction to have exclusive jurisdiction over a matter under the Arrangement, the New Arrangement provides that the court where the judgment was sought could apply jurisdiction in accordance with the certain rules without the parties’ agreement. The New Arrangement became effective on January 29, 2024, both in Chinese mainland and in Hong Kong and replaced the Arrangement. However, the Arrangement remains applicable to a written choice of court agreement within the meaning of the Arrangement that was made before the effective date of the New Arrangement. Under the New Arrangement, any party concerned may apply to the relevant court of Chinese mainland or Hong Kong for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the New Arrangement. Although the New Arrangement has become effective, the outcome and effectiveness of any action brought under the New Arrangement may still be uncertain. We cannot assure you that an effective judgment that complies with the New Arrangement can be recognized and enforced in a Chinese mainland court.

We are a Chinese mainland enterprise, and we are subject to Chinese mainland tax on our global income and any gains on the sales of Shares and dividends on the Shares may be subject to Chinese mainland income taxes.

Under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (“**EIT Law**”) and its implementation rules, subject to any applicable tax treaty or similar arrangement between the Chinese mainland and a non-Chinese mainland investor’s jurisdiction of residence that provides for a different income tax arrangement, Chinese mainland withholding tax at the rate of 10% is normally applicable to dividends from Chinese mainland sources payable to investors that are non-Chinese mainland resident enterprises, which do not have an establishment or place of business in Chinese mainland, or which have an establishment or place of business in Chinese mainland if the relevant income is not effectively connected with such establishment or place of business. Any gains realized on the transfer of shares by such investors are subject to a 10% Chinese mainland income tax rate if such gains are regarded as income from sources within Chinese mainland unless a treaty or similar arrangement provides otherwise.

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Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “IIT Law”), which was promulgated by the SCNPC on September 10, 1980, and was most recently amended on August 31, 2018, and effective on January 1, 2019, and the Implementation Regulations for the IIT Law (《中華人民共和國個人所得稅法實施條例》), dividends from sources within Chinese mainland paid to foreign individual investors who are not Chinese mainland residents are generally subject to a Chinese mainland withholding tax at a rate of 20% and gains from Chinese mainland sources realized by such investors on the transfer of shares are generally subject to a 20% Chinese mainland income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and laws in Chinese mainland. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國稅函[2011]348號) dated June 28, 2011, issued by the SAT, dividends paid to non-Chinese mainland resident individual holders of H Shares are generally subject to individual income tax of Chinese mainland at the withholding tax rate of 10%, in which the non-Chinese mainland resident individual holder of H Shares resides as well as the tax arrangement between Chinese mainland and Hong Kong. Non-Chinese mainland resident individual holders who reside in jurisdictions that have not entered into tax treaties with Chinese mainland are subject to a 20% withholding tax on dividends received from us. In addition, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the MOF of Chinese mainland and the SAT on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (Cai Shui [2009] No. 167) which states that individuals’ income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (Cai Shui [2010] No. 70). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-Chinese mainland resident individuals on the sale of shares of Chinese mainland resident enterprises listed on overseas stock exchanges.

If Chinese mainland income tax is imposed on gains realized from the transfer of our Shares or on dividends paid to our non-Chinese mainland resident investors, the value of your [REDACTED] in our Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with Chinese mainland may not qualify for benefits under such tax treaties or arrangements.

Our offshore subsidiary may be treated as a resident enterprise for PRC tax purposes.

Under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. In addition, the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Resident Enterprises on the Basis of De Facto Management Bodies (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) (Guo Shui Fa [2009] No. 82) (the “Circular 82”) provides that certain Chinese-controlled offshore incorporated enterprises, defined as enterprises incorporated by enterprises or enterprise groups within China as major controlling shareholders under the laws of foreign countries (regions), will be classified as resident enterprises if all of the following conditions are met: (i) senior

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management personnel and departments that are responsible for daily production, operation and management are located mainly within China; (ii) financial and personnel decisions are subject to determination or approval by bodies or persons in China; (iii) primary properties, accounting books, company seal, and minutes of board meetings and shareholders’ meetings are located or kept within China; and (iv) at least half of the directors with voting rights or senior management reside within China. The SAT has subsequently provided further guidance on the implementation of Circular 82.

As our Company is a PRC enterprise, our offshore subsidiary may be questioned by competent regulatory authorities. If our offshore subsidiary is deemed PRC resident enterprises, competent regulatory authorities may request our offshore subsidiary to pay enterprise income tax at a rate of 25% on their global income. However, dividends that our offshore subsidiary receives from our PRC subsidiaries, if any, may be exempt from the enterprise income tax to the extent such dividend income constitutes “dividends received by a PRC resident enterprise from its directly invested entity that is also a PRC resident enterprise.” Nonetheless, it remains subject to future interpretation as to what types of enterprises would be deemed a “PRC resident enterprise” for such purposes. The enterprise income tax on our offshore subsidiary’s global income could significantly increase our tax burden and affect our cash flows and profitability.

Restrictions on the remittance of Renminbi into and out of China and governmental control of currency conversion may limit our ability to pay dividends and other obligations and affect the value of your Shares.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares, there is no assurance that we will have sufficient foreign exchange to meet these requirements. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, any changes to these foreign exchange policies that prevent us from obtaining sufficient foreign currencies may affect our ability to pay dividends in foreign currencies to our Shareholders.

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with the [REDACTED], future capital raising activities or business expansion.

On July 6, 2021, the General Office of the State Council together with another authority jointly promulgated the Opinion on Severely Punishing Illegal Activities in Securities Market (《關於依法從嚴打擊證券違法活動的意見》), which calls for the enhanced administration and supervision of overseas-listed PRC-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines, which came into effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer and list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC, and in the event of subsequent offering and occurrence of certain major events, domestic companies shall also fulfill relevant filing procedures and report information to the CSRC. If a domestic company fails to complete the filing procedure, omits any material fact, falsifies any content or contains any misleading statement in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers,

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the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See “Regulatory Overview — Other Regulations Relating to Doing Business in China — Regulations on Overseas Listing.”

If it is determined that we are subject to any filing or other authorization or requirements of the CSRC or other PRC governmental authorities for future capital raising activities or other major events, and we fail to complete such filing or meet such requirements in a timely manner, we could be subject to penalties imposed by the CSRC or other PRC regulatory authorities. If we are determined not in compliance with the requirements under the Trial Measures, and thus are unable to complete the filing with the CSRC, we may need to postpone or terminate our future capital raising activities if any. Any changes or negative publicity regarding such filing or other requirements stated above could materially and adversely affect our business, prospects, financial condition, reputation, and [REDACTED] and [REDACTED] of the Shares.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your [REDACTED].

The value of RMB against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government’s policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces or government policies may impact the exchange rate between the RMB and the Hong Kong dollar, the U.S. dollar or other currencies in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars and we expect a substantial portion of which to be spent in RMB. As a result, any appreciation of the RMB against the Hong Kong dollar may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the RMB against the Hong Kong dollars may adversely affect the value of, and any dividends payable on, the Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. These hedging arrangements may not be effective and entail risks. All of these factors could have a material adverse impact on our business, results of operations and financial condition.

Payment of dividends is subject to laws and regulations in regions where we operate.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders’ meeting). Our distributable net profit represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS Accounting Standards. As a result, we may not have sufficient distributable profits to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

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Any failure to comply with relevant regulations regarding the registration requirements for employee stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the “Notices”), replacing earlier rules promulgated in 2007. Pursuant to the Notices, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas-listed company, and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees (i) who are PRC citizens or who reside in the PRC for a continuous period of not less than one year, and (ii) who have been or will be granted incentive shares or options, are or will be subject to these regulations. Failure to complete the relevant SAFE registrations under the Notices may subject us and them to fines and legal sanctions, and there may be additional restrictions on their ability to exercise their stock options or remit proceeds gained from the sale of their stock into the PRC.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the completion of the [REDACTED], there has been no public market for our Shares. There can be no guarantee that an active [REDACTED] market for our Shares will develop or be sustained after the completion of the [REDACTED]. The [REDACTED] is the result of negotiations between our Company and the [REDACTED], which may not be indicative of the price at which our Shares will be [REDACTED] following the completion of the [REDACTED]. The market price of our Shares may drop below the [REDACTED] at any time after completion of the [REDACTED].

The [REDACTED] our Shares may be volatile, which could result in substantial losses to you.

The [REDACTED] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have listed their securities in Hong Kong may affect the volatility in the price of and [REDACTED] for our Shares. A number of Chinese mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. The share price of some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment toward Chinese mainland-based companies listed in Hong Kong and consequently may impact the [REDACTED] of our Shares. These factors may significantly affect the [REDACTED] and volatility of our Shares, regardless of our actual operating performance.

If securities or industry analysts do not publish research reports about our business, or if they adversely change their recommendations regarding our Shares, the [REDACTED] and [REDACTED] of our Shares may decline.

The [REDACTED] for our Shares will be influenced by the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our Shares or

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publishes inaccurate or unfavorable research about our business, the [REDACTED] for our Shares would likely decline. If one or more of these analysts cease coverage of our Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or [REDACTED] for our Shares to decline.

Future sales or perceived sales of substantial amounts of our Shares in the public market could negatively affect the market price of our Shares and our ability to raise additional capital in the future.

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future.

The [REDACTED] of the [REDACTED] is higher than the net tangible asset value per Share immediately prior to the [REDACTED]. Therefore, [REDACTED] of the [REDACTED] in the [REDACTED] will experience an immediate dilution in [REDACTED] consolidated net tangible asset value. To expand our business, we may consider offering and issuing additional shares in the future. Purchasers of the [REDACTED] may experience dilution in the net tangible asset value per Share of their Shares if we issue additional shares in the future at a price that is lower than the net tangible asset value per Share at that time.

There can be no assurance as to whether and when we will declare and distribute any dividends.

There can be no assurance that we will declare and distribute any amount of dividends in the future. We currently do not have a pre-determined dividend payout ratio. The declaration, payment, and amount of any future dividends are subject to the discretion of our Directors, after taking into account our results of operations, financial condition, cash requirements and availability, and other factors as they may deem relevant, and subject to the approval at a Shareholders’ meeting. We may not have sufficient or any profits to enable us to distribute dividends to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable. See “Financial Information — Dividends.”

Certain statistics contained in this document are derived from publicly available official sources.

This document, particularly the section headed “Industry Overview,” contains information and statistics relating to the industry in which we operate in China and globally. Such information and statistics have been derived from various official government and other publications and from a third-party report commissioned by us. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of our or their respective directors, officers or representatives, or any other parties involved in the [REDACTED], and no representation is given as to their accuracy. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as or consistent with similar statistics presented elsewhere, and such information may not be complete or up-to-date. In any event, you should consider carefully the importance placed on such information or statistics.

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You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [REDACTED], press and media coverage regarding us, our business, our industry and the [REDACTED]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. None of us, the Sole Sponsor, [REDACTED] or any other person involved in the [REDACTED] has authorized the disclosure of any such information in the press or media coverage, or accepts any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication.

Accordingly, prospective [REDACTED] should not rely on any such information or publication in making their decision whether to purchase in our Shares. Prospective [REDACTED] are reminded that, in making their [REDACTED] decisions as to whether to purchase our Shares, they should rely only on the financial, operational, and other information included in this document. By applying to purchase our Shares in the [REDACTED], you will be deemed to have agreed that you will not rely on any information other than that contained in this document.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "anticipate," "believe," "could," "going forward," "intend," "plan," "project," "seek," "expect," "may," "ought to," "should," "would" or "will" and similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.